

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2019-091-00052R

Parcel No. 09-000-11-0643

Wyndham Richard Sellers,

Appellant,

vs.

Warren County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on October 16, 2019. Wyndham Sellers was self-represented. Chief Deputy Assessor Tim Konrad represented the Warren County Board of Review.

Wyndham and Nancy Sellers own a residential property located at 5170 Harding Street, Prole, Iowa. The subject's 2019 assessment was set at \$575,900, allocated as \$80,600 in land value and \$495,300 in dwelling value. (Ex. A).

Sellers petitioned the Board of Review claiming the property was assessed for more than the value authorized by law under Iowa Code § 441.37(1)(a)(2) (2019). The Board of Review denied the petition. (Ex. B).

Sellers then appealed to PAAB reasserting his claim. § 441.37(1)(a)(2).

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b).

PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code Rule 701-71.126.2(2-4). New or additional evidence may be introduced, and PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

Findings of Fact

Sellers purchased the subject property in May 2015 for \$425,000. The 9.86-acre site is improved with a one-and-a-half-story home built in 2005. The home has 2650 square feet of gross living area, a full walk-out basement with 1600 square feet of living-quarter quality finish, a patio, a wood deck, and an attached garage. It is listed as good-quality construction (3+10 grade) in normal condition. The property is also improved with several metal utility buildings. The first building is 2610 square feet and was constructed in two phases; the first portion was constructed in 2007 followed by an addition in 2011. The second building is 7400 square feet and was built in 2015. The third building is 2400 square feet and was constructed in 2018. The replacement cost new less depreciation (RCNLD) for the three outbuildings is \$113,000. (Ex. A).

Sellers testified the assessed value of the three outbuildings exceeds his cost to construct them. He explained the older outbuildings (2007-2011) existed when he purchased the property, and he erected the newer outbuildings (2015 and 2018) after the purchase. He noted the 2015 building, which is the largest of the outbuildings, only has a dirt floor. (Ex. 1). Based on conversations Sellers has had with individuals at Keller Williams Realty, he asserts the market value of this building is less than what he paid to have built. Sellers provided no other evidence of these buildings' values. Konrad testified for the Board of Review and explained that in the case of the older outbuildings

(2007-2011), they have interior finish and in-floor radiant heat which increases the cost new compared to structures that lack these features.

Sellers also asserted his assessment has been above its market value since he purchased the property in 2015, when it was assessed for \$453,200 despite a purchase price of \$425,000 that year.

Sellers submitted three properties he believes support his claim of over assessment. (Exs. 2-4). The Board of Review also analyzed these properties (Ex. D).

The comparables are summarized in the following table.

Comparable	Site Size	Year Built	Grade	Gross Living Area (SF)	Outbuilding #/Size (SF)	Dwelling Value (Including Outbuildings)	Land Value	Total Assessed Value (AV)	Sales Price	AV/SF of GLA
Subject	9.86	2005	3+10	2650	3/12,410	\$495,300	\$80,600	\$575,900	NA	\$217.32
1 – 14043 50th Ave	12.27	2007	2-10	3488	1/1200	\$381,900	\$67,000	\$448,900	Jul-19 \$605,000	\$128.70
2 – 8887 50th Ave	32.05	2009	3+05	3044	1/2520	\$366,000	\$119,200	\$485,200	NA	\$159.40
3 – 5715 Gear St	15.34	2009	3+10	2951	1/1776	\$416,200	\$81,200	\$497,400	Dec-17 \$539,900	\$168.55

The comparables are one-and-one-half or two-story homes like the subject. They are similar in age to the subject property. Their sites range in size from roughly 7 acres to 32 acres. All of the properties have greater GLA than the subject; but none have basement finish. The most notable difference between these properties is the outbuildings. Although all of Sellers' comparable properties have this feature, none have multiple outbuildings like the subject and they are significantly smaller in terms of total gross building area.

Konrad noted that Sellers' Comparable 1 is a concrete dwelling; as a result, it has obsolescence applied to its assessment.

Because the subject property and the comparables are all classified residential, any value associated with outbuildings is included in the dwelling's assessed value. The record does not include the assessed values of the outbuildings for Sellers' comparable properties. For this reason any attempt to compare the assessments on a per square foot basis is skewed and would not result in a reliable analysis; nor is this analysis reflective of how the properties are valued. Nevertheless, Konrad testified that if the \$113,000 assessed value of the subject property's outbuilding were removed from the

assessment, the assessed value would be \$174.68 per square foot, which would be more in line with the other properties.¹

Sellers questioned why Comparable 2 (8887 50th Avenue), which has 32.05 acres and a larger home, has a substantially lower assessed value than his property. We note this comparable has no basement finish and only one outbuilding. These differences would contribute to its lower dwelling assessment.

Regarding land valuation, Konrad explained the first acre of a site has the greatest value and each acre thereafter is considered excess with decreasing value. The first 1.5 acres of Comparable 2's site has the most value assigned to it, whereas the remaining 30.55 acres are considered excess with a lower rate of value. (Ex. D). Konrad testified the 1.5 acres has an assessed value of \$73,400, and the remaining site has a value of \$45,825 for a total site value of \$119,200. Sellers' property has been treated in a similar manner; the first 1.25 acres is valued at a unit price of \$67,100; and the remaining 8.610 acres is valued at a unit price of \$13,500. (Ex. A). There was no explanation for Comparable 1's lower site value.

Sellers attempted to adjust his comparable properties in an effort to demonstrate his property is over assessed, but he did not explain his methodology or calculations at hearing. (Exs. 2-4). It appears he attempted to adjust the sale prices of Comparables 1 and 3 by relying on the differences in assessed value between certain elements of comparison such as site size, gross living area, and the value of the outbuildings. He also made some adjustments based on unit values that were derived from the assessed values. (Exs. 2-3). These methods are not recognized appraisal techniques in ascertaining market value, and we give his analysis no consideration.

The Board of Review submitted four 2018 sales and compared each to the subject property. (Ex. E). The following table summarizes these sales and the Board of Review's analyses.

¹ \$575,500 Total Assessed Value - \$113,000 RCNLD outbuildings = \$462,900 / 2650 GLA = \$174.68/SF

Property	Year Built	Gross Living Area (SF)	Basement Finish (SF)	Assessed Value (AV)	AV/SF of GLA	2018 Sale Price (SP)	AV/SP
Subject	2005	2650	1600	\$575,900	\$174.68 ²	NA	NA
1 – 3976 115th Ln	2010	2565	1335	\$477,000	\$185.96	\$475,000	1.00
2 – 7951 Osceola St	2001	1920	900	\$323,400	\$156.61 ³	\$315,000	1.03
3 – 6287 Gear St	2008	2910	1500	\$507,200	\$174.30	\$495,000	1.02
4 – 7739 43th Ave	1999	2138	0	\$328,800	\$153.79	\$304,400	1.08

In Konrad's opinion when compared to the subject these properties are recent sales with similar location, age, and design as the subject property. However, they are all inferior to the subject because they have smaller sites, lack geo-thermal heating/cooling, and either have inferior outbuildings or lack an outbuilding altogether. Sale 2 is the only property that has an outbuilding, with an assessed value of \$22,700 compared to the subject's outbuildings valued at \$113,000. (Ex. E).

On average, the comparables' are assessed for slightly more than their 2018 sale prices. Additionally, if the assessed value of the subject's outbuildings is removed, the subject's assessed value per-square-foot of \$174.68 is within the range of the comparables.

The Board of Review did not adjust its comparables for differences between them and the subject property to arrive at an opinion of value for the subject as of January 1, 2019.

Analysis & Conclusions of Law

Sellers contends the subject property is over assessed as provided under Iowa Code section 441.37(1)(a)(2).

Although there is no presumption the assessed value is correct, Sellers bears the burden of proving his claims by a preponderance of the evidence. §§ 441.21(3), 441.37A(3)(a); *Compiano*, 771 N.W.2d at 396-97 (Iowa 2009) (citations omitted).

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Soifer v. Floyd*

² This number represents the value per square foot the property without the outbuilding value.

³ This number represents the value per square foot of the property without the outbuilding value.

Cnty. Bd. of Review, 759 N.W.2d 775, 780 (Iowa 2009) (citation omitted). Sale prices of property or comparable properties in normal transactions are to be considered in arriving at market value. § 441.21(1)(b). Sale prices of property in abnormal transactions not reflecting market value shall not be taken into account or shall be adjusted to account for market distortion. *Id.*

Sellers asserts his outbuildings are over assessed and currently valued at more than his cost to build. Other than his testimony regarding discussions with a realtor, he did not submit any evidence of cost for his outbuildings, nor did he submit any evidence of the outbuildings' contributory market value.

Sellers submitted three properties to show his property is over assessed. His assessed value per square foot is higher than the properties he relied on for comparisons, but his assessment includes outbuildings that are at least five times larger than any of the comparable properties in the record. Because of this, any analysis of an assessed value per square foot would be skewed and not a reliable analysis. Moreover, simply comparing assessments is not sufficient to prove over assessment.

Two of Sellers' comparable properties were recent sales and Sellers attempted to adjust them for differences in site size, GLA, and outbuildings. However, these adjustments do not appear to be market oriented but rather based on differences in assessed values.

Ultimately, Sellers did not offer credible evidence to support that his property is assessed for more than its market value. This is typically supported by comparable sales that are properly adjusted for differences between them and the subject property. Support for an over assessment claim could also be given by a professional appraisal or Comparative Market Analysis (CMA).

Viewing the record as a whole, we find Sellers has failed to show his property is over assessed.

We note there appears to be some disagreement as to whether the outbuildings are accurately listed and valued, specifically the dirt floor in the 2015 outbuilding. Sellers may consider contacting the Assessor's Office to determine if corrections need to be made for future assessments.


Order

PAAB HEREBY AFFIRMS the Warren County Board of Review's action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A.

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code sections 441.37B and Chapter 17A.19 (2019).



Dennis Loll, Board Member



Karen Oberman, Board Member



Elizabeth Goodman, Board Member

Copies to:

Wyndham Sellers by eFile

Warren County Board of Review by eFile